
Chile: Wine production threatened by pulp mill project

For decades small and medium scale peasants of the Itata Valley have developed economic activities based on wine production. Wines produced in the area have recently obtained a high quality export product certification. As a result of their hard work during years, the population of the region has been able to generate an activity having enormous economic and social potential.

In January this year the Regional Commission for the Environment (COREMA) of the VIII Region rejected the application for the project "Industrial Forestry Complex Itata", to be located in the area. The project comprises several activities related to the forestry sector, including the setting up of a pulp mill at the Itata Valley. The reason for the denial of the authorization was that such project would generate negative environmental impacts. The proponent company --Celulosa Arauco y Constitución S.A.-- belongs to the Angelini Group, one of the most powerful economic holdings in the country.

Celulosa Arauco appealed to the National Commission for the Environment (CONAMA). According to the Chilean Basic Environmental Law, whenever such situation occurs, the body in charge of making a final decision on the viability of the questioned project is the Cabinet Meeting. The Cabinet is advised by a Consultative Council which --in theory-- is formed by representatives of different sectors, such as NGOs, scientists, independent academic centres, workers, companies and the government. However, their delegates are not democratically elected by the organizations, but directly nominated by the country's President.

In a surprising move, a few days ago the Consultative Council decided to recommend to the Cabinet Meeting that the environmental permit for the project be granted. How can this be explained? Several public services, as well as an Expert Panel of the Catholic University of Chile especially contracted to study the project, had concluded that the establishment of the pulp mill in the Itata Valley is incompatible with the current economic activity prevailing in the area: grape and wine production. The implementation of the project would result in a conflict between two incompatible economic activities: the current wine-tourism activity versus industrial forestry.

Additionally, from the very beginning the project has been strongly opposed by the five communities living nearby the projected site of the Itata Complex (Ranquil, Coelemu, Trehuaco, Quillón and Portezuelo). Far from being groundless, their opposition is based on the fact that the installation of a pulp mill would produce high levels of pollution. The industrial production of cellulose implies the use of chemicals containing chlorine which are highly toxic. Additionally, dioxines are emitted to the air. These substances have proved mutagenic and carcinogenic. This means that not only the environment would be negatively affected, but also severe damages would impact on the health and life quality of the people living in this valley.

An argument frequently used to promote this type of investments is that of job generation, which currently constitutes a severe problem in Chile. Nonetheless, also in this regard the recommendation of the Consultative Council is not appropriate, since at present grape and wine production provides 3,000 permanent jobs, while the Itata Forestry Complex would generate only a total of 1,200 jobs.

Many questions remain unanswered. What is really being evaluated? Is it the lobbying ability and the power of one of the major economic groups in the country or the environmental impacts of the project? Are community interests and local economies really taken into account when deciding what is best for them?

Now the responsibility lies in the hands of the Cabinet Meeting. Its decision will in fact reveal what the real environmental and economic policy of the Chilean government is.

By: Flavia Liberona, RENACE, 10/11/2000;